

Policy Endorsement

The following endorsement changes your policy. Please read this document carefully and keep it with your policy.

This Endorsement Changes Your Policy — Keep It With Your Policy

New Mexico

Building Structure Reimbursement Extended Limits Endorsement — Deluxe and Deluxe Plus Homeowners — AC1710

For an additional premium, and when the Policy Declarations indicate that the Building Structure Reimbursement Extended Limits Endorsement applies, your policy is amended as follows:

I. In Section I — Your Property, under Losses We Do Not Cover Under Coverages A and B, Item 15 d), rust or other corrosion, mold, wet or dry rot, is replaced by:

15. d) rust or other corrosion;

II. In Section I — Your Property, under Losses We Do Not Cover Under Coverages A and B, the following is added:

24. Mold, fungus, wet rot, dry rot or bacteria. This includes any loss which, in whole or in part, arises out of or is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.

This exclusion applies regardless of whether mold, fungus, wet rot, dry rot or bacteria arises from any other cause or loss, including but not limited to a loss involving water, water damage or discharge, which may otherwise be covered by this policy, except as specifically provided in Section I, Conditions — Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss.

III. In Section I — Your Property, under Losses We Do Not Cover Under Coverage C, the following is added:

15. Mold, fungus, wet rot, dry rot or bacteria. This includes any loss which, in whole or in part, arises out of or is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.

This exclusion applies regardless of whether mold, fungus, wet rot, dry rot or bacteria arises from any other cause or loss, including but not limited to a loss involving water, water damage or discharge, which may otherwise be covered by this policy, except as specifically provided in Section

I. Conditions — Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss

IV. In Section I — Your Property Under Additional Protection — Additional Living Expense is replaced by the following:

Additional Living Expense

a) We will pay the reasonable increase in living expenses necessary to maintain your normal standard of living when a direct physical loss we cover under Coverage A — Dwelling Protection, Coverage B — Other Structures Protection or Coverage C — Personal Property Protection makes your residence premises uninhabitable. However, additional living expense due to remediation of mold, fungus, wet rot or dry rot will not be paid in addition to any amounts paid or payable under Section I, Conditions — Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss.

Payment for additional living expense as a result of a covered loss under Coverage A — Dwelling Protection, Coverage B — Other Structures Protection or Coverage C — Personal Property Protection will be limited to the least of the following:

- 1) the time period required to repair or replace the property we cover, using due diligence and dispatch; or
- 2) if you permanently relocate, the shortest time for your household to settle elsewhere; or
- 3) 12 months.

b) We will pay your lost fair rental income resulting from a covered loss under Coverage A — Dwelling Protection, Coverage B — Other Structures Protection or Coverage C — Personal Property Protection, less charges and expenses, which do not continue when a loss we cover under Coverage A — Dwelling Protection, Coverage B — Other Structures Protection or Coverage C — Personal Property Protection makes the part of the residence premises you rent to others or hold for rental uninhabitable. We will pay for lost fair rental income for the shortest time required to repair or replace the part rented or held for rental but not to exceed 12 months. However, payments for your lost fair rental income expense due to remediation of mold, fungus, wet rot or dry rot will not be paid in addition to any amounts paid or payable under Section I, Conditions — Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss.

c) We will pay the reasonable and necessary increase in living expenses and the lost fair rental income for up to two weeks should civil authorities prohibit the use of the residence premises due to a loss at a neighboring premises caused by a loss we insure against. However, payments for increase in living expenses or your lost fair rental income expense due to remediation of mold, fungus, wet rot or dry rot will not be paid in addition to any amounts paid or payable under Section I, Conditions — Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss.

These periods of time are not affected by the termination of this policy.

We do not cover any lost income or expense due to the cancellation of a lease or agreement.

No deductible applies to this protection.

Under Section I — Conditions, condition 3, "How We Pay For A Loss," is replaced by the following:

5. How We Pay For A Loss

- a) **Losses to Dwelling Under Coverage A — Dwelling Protection:** payment for covered loss to your dwelling will be by one of the following methods:

- 1) **Replacement Cost.** If you do not repair, rebuild or replace the damaged, destroyed or stolen covered property, losses under Coverage A — Dwelling Protection will be paid on a replacement cost basis. This means there will not be a deduction for depreciation. This payment includes the reasonable and necessary expenses for treatment or removal and disposal of contaminants, toxins or pollutants as required to complete repair or replacement of that part of the building structure damaged by a covered loss. This payment shall not include any amounts which may be paid or payable under Section I, Conditions — Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss, and shall not be payable for any losses excluded in Section I — Your Property under Losses We Do Not Cover Under Coverages A and B, Item 24.

Replacement Cost payment will not exceed the smallest of the following amounts:

- i) the replacement cost of the part(s) of the damaged dwelling and attached building structure with equivalent construction for similar use on the same residence premises;
- ii) the amount actually and necessarily spent to repair or replace the damaged dwelling and attached building structure with equivalent construction for similar use on the same residence premises; or
- iii) the limit of liability applicable to the dwelling and attached building structure(s) as shown on the Policy Declarations for Coverage A — Dwelling Protection.

If you replace the damaged dwelling and attached building structure(s) at an address other than shown on the Policy Declarations through construction of a new building structure or purchase of an existing building structure, such replacement will not increase the amount payable under Replacement Cost described above. The amount payable under Replacement Cost described above does not include the value of any land associated with the replacement structure.

Replacement Cost will not apply to:

- 1) property covered under Coverage A — Dwelling Protection that is not part of the dwelling;

- 2) property covered under Coverage B — Other Structures Protection;
- 3) property covered under Coverage C — Personal Property Protection;
- 4) structures that are not building structures, whether or not attached to the dwelling, such as fences, swimming pools, patios, awnings, carports and outdoor antennas; or
- 5) land.

Replacement Cost payment will not include any increased cost due to the enforcement of building codes, ordinances or laws regulating the construction, reconstruction, maintenance, repair, relocation or demolition of the dwelling and attached building structures, except as provided in the Deluxe Plus Homeowners policy under Section I, Additional Protection, Item 10 "Building Codes".

You may make claim for additional payment as described in paragraph 2 below, if applicable, if you repair, rebuild or replace the damaged, destroyed or stolen covered property, within 180 days of the Replacement Cost payment.

2. **Building Structure Reimbursement.** Under Coverage A — Dwelling Protection, we will make additional payment to reimburse you for cost in excess of Replacement Cost if you repair, rebuild or replace the damaged, destroyed or stolen covered property. This additional payment includes the reasonable and necessary expense for treatment or removal and disposal of contaminants, toxins or pollutants as required to complete repair or replacement of that part of the building structure(s) damaged by a covered loss. This additional payment shall not include any amounts which may be paid or payable under Section I, Conditions — Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss, and shall not be payable for any losses excluded in Section I — Your Property under Losses We Do Not Cover Under Coverages A and B, Item 24.

This additional payment will only be made if:

- i) You insure your dwelling, attached structures and detached building structures to 100% of replacement cost as determined by:
 - 1) an Allstate Home Replacement Cost Estimator completed and based on the accuracy of information you furnished; or
 - 2) our inspection of your residence premises;
- ii) You have accepted the Property Insurance Adjustment Condition; agree to accept each annual adjustment in the Coverage A — Dwelling Protection limit of liability; and pay any additional premium charged; and
- iii) You notify us within 60 days of the start of any modifications that increase the aggregate value of your dwelling, attached structures and detached building structures at the residence premises by \$5,000 or more; and pay any resulting additional premium due for the increase in value.

Building Structure Reimbursement will not exceed the smallest of the following amounts:

- i) the replacement cost of the part(s) of the damaged dwelling and attached building structure(s) with equivalent construction for similar use on the same residence premises;
- ii) the amount actually and necessarily spent to repair or replace the damaged dwelling and attached building structure(s) with equivalent construction for similar use on the same residence premises; or
- iii) 120% of the limit of liability applicable to the dwelling and attached building structure(s) as shown on the Policy Declarations for Coverage A — Dwelling Protection, regardless of the number of building structures involved in the loss.

If you replace the damaged dwelling and attached building structure(s) at an address other than shown on the Policy Declarations through construction of a new building structure or purchase of an existing building structure, such replacement will not increase the amount payable under Building Structure Reimbursement described above. The amount payable under Building Structure Reimbursement described above does not include the value of any land associated with the replacement structure(s).

Building Structure Reimbursement payment will be limited to the difference between any Replacement Cost payment made for the covered loss to the dwelling and attached building structures and the smallest of i), ii) or iii) above.

Building Structure Reimbursement will not apply to:

- i) property covered under Coverage A — Dwelling Protection that is not part of the dwelling;
- ii) property covered under Coverage B — Other Structures Protection that is not a building structure;
- iii) property covered under Coverage C — Personal Property Protection;
- iv) structures that are not building structures, whether or not attached to the dwelling, such as fences, swimming pools, patios, lawns, carports and outdoor amenities; or
- v) land.

Building Structure Reimbursement payment will not include any increase in cost due to the enforcement of building codes, ordinances or laws regulating the construction, reconstruction, maintenance, repair, relocation or demolition of the dwelling and attached building structures, except as provided in the Deluxe Plus Homeowners policy under Section I — Additional Protection, Item 10 Building Codes.

- b) **Losses to Other Structures and Personal Property.** Under Coverage B — Other Structures Protection and Coverage C — Personal Property Protection, payment for covered loss will be by one or more of the following methods:

- 1) **Special Payment.** At our option, we may make payment for a covered loss before you repair, rebuild or replace the damaged, destroyed or stolen property if:

- i) the whole amount of loss for property covered under Coverage B -- Other Structures Protection, without deduction for depreciation, is less than \$2,000;
- ii) the whole amount of loss for property covered under Coverage C -- Personal Property Protection, without deduction for depreciation, is less than \$2,500 and if your Policy Declarations shows that the Personal Property Reimbursement provision applies; and the property is not excluded from the Personal Property Reimbursement provision;

- 2) **Actual Cash Value.** If you do not repair or replace the damaged, destroyed or stolen property, payment will be on an actual cash value basis. This means there may be a deduction for depreciation. Payment will not exceed the limit of liability shown on the Policy Declarations for the coverage that applies to the damaged, destroyed or stolen property, regardless of the number of items involved in the loss.

You may make claim for additional payment as described in paragraph 3 below, if applicable, if you repair or replace the damaged, destroyed or stolen covered property within 180 days of the actual cash value payment.

- 3) **Building Structure Reimbursement.** Under Coverage B -- Other Structures Protection, we will make additional payment to reimburse you for the cost in excess of actual cash value if you repair, rebuild or replace damaged, destroyed or stolen covered property within 180 days of the actual cash value payment. The additional payment includes the reasonable and necessary expense for treatment or removal and disposal of contaminants, toxins or pollutants as required to complete repair or replacement of that part of a building structure(s) damaged by covered loss. The additional payment shall not include any amounts which may be paid or payable under Section I, Conditions -- Mold, Fungus, War and Dry Rot Remediation as a Direct Result of a Covered Water Loss, and shall not be payable for any losses excluded in Section I -- Your Property, under Excesses We Do Not Cover Under Coverages A and B Item 2.

This additional payment will only be made if:

- i) You insure your dwelling, attached structures and detached building structures to 100% of replacement cost as determined by:
 - 1) an Aulstate Home Replacement Cost estimator completed and based on the accuracy of information you furnished;
 - 2) our inspection of your residence premises;
- ii) You have accepted the Property Insurance Adjustment Condition, agreed to accept each annual adjustment in the Coverage A -- Dwelling Protection limit of liability, and pay any additional premium charged; and
- iii) You notify us within 60 days of the start of any modifications that increase the aggregate value of your dwelling, attached structures and detached building structures at the residence premises by \$5,000 or more, and pay any resulting additional premium due for the increase in value.

Building Structure Reimbursement will not exceed the smallest of the following amounts:

- (i) the replacement cost of the part of the building structure(s) for equivalent construction for similar use on the same premises;
- (ii) the amount actually and necessarily spent to repair or replace the damaged building structure(s) with equivalent construction for similar use on the same residence premises; or
- (iii) 120% of the limit of liability applicable to the building structure(s) as shown on the Policy Declarations for Coverage B — Other Structures Protection, regardless of the number of building structures and structures other than building structures involved in the loss.

If you replace the damaged building structure(s) at an address other than shown on the Policy Declarations through construction of a new building structure or purchase of an existing building structure, such replacement will not increase the amount payable under Building Structure Reimbursement described above. The amount payable under Building Structure Reimbursement described above does not include the value of any land associated with the replacement structure(s).

Building Structure Reimbursement payment will be limited to the difference between any actual cash value payment made for the covered loss to building structures and the smallest of (i), (ii) or (iii) above.

Building Structure Reimbursement will not apply to:

- (i) property covered under Coverage C — Personal Property Protection;
- (ii) property covered under Coverage B — Other Structures Protection that is not a building structure;
- (iii) wall-to-wall carpeting, fences, awnings and outdoor antennas whether or not fastened to a building structure; or
- (iv) land.

Payment under paragraph 1, 2, or 3 above will not include any increased cost due to the enforcement of building codes, ordinances or laws regulating the construction, reconstruction, maintenance, repair, relocation or demolition of building structures or other structures except as provided in the Deluxe Plus Homeowners Policy under Section 1. Additional Protection, Item 10: Building Codes.

- 4) **Personal Property Reimbursement:** When the Policy Declarations shows that the Personal Property Reimbursement provision applies under Coverage C — Personal Property Protection, we will make additional payment to reimburse you for the cost in excess of actual cash value if you repair, rebuild or replace damaged, destroyed or stolen covered personal property or wall-to-wall carpeting within 180 days of the actual cash value payment.

Personal Property Reimbursement payment will not exceed the smallest of the following amounts:

- i) the amount actually and necessarily spent to repair or replace the property with similar property of like kind and quality;
- ii) the cost of repair or restoration; or
- iii) the limit of liability shown on the Policy Declarations for Coverage C — Personal Property Protection, or any special limit of liability described in the policy, regardless of the number of items of personal property involved in the loss.

Personal Property Reimbursement will be limited to the difference between any actual cash value payment made for the covered loss to personal property and the smallest of i), ii) or iii) above.

Personal Property Reimbursement will not apply to:

- i) property insured under Coverage A — Dwelling Protection and Coverage B — Other Structures Protection, except wall-to-wall carpeting;
- ii) antiques, fine arts, paintings, statuary and similar articles which, by their inherent nature, cannot be replaced;
- iii) articles whose age or history contribute substantially to their value. This includes, but is not limited to, memorabilia, souvenirs and collector's items; or
- iv) property that was obsolete or unusable for its originally intended purpose because of age or condition prior to the loss.

VI. In Section I — Conditions, the following is added:

19. Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss

In the event of a covered water loss under Coverage A — Dwelling Protection, Coverage B — Other Structures Protection or Coverage C — Personal Property Protection, we will pay up to \$5,000 for mold, fungus, wet rot or dry rot remediation.

Remediation means the reasonable and necessary treatment, removal or disposal of mold, fungus, wet rot or dry rot as required to complete repair or replacement of property we cover under Coverage A — Dwelling Protection, Coverage B — Other Structures Protection or Coverage C — Personal Property Protection damaged by a covered water loss, including payment for any reasonable increase in living expenses necessary to maintain your normal standard of living if mold, fungus, wet rot or dry rot makes your residence premises uninhabitable. Remediation also includes any investigation or testing to detect, measure or evaluate mold, fungus, wet rot or dry rot.

This Condition does not increase the limits of liability under Coverage A — Dwelling Protection, Coverage B — Other Structures Protection or Coverage C — Personal Property Protection.

VII. In Section II — Family Liability and Guest Medical Protection, under Losses We Do Not Cover Under Coverage X, the following is added:

17. We do not cover bodily injury or property damage which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.

18. We do not cover any liability imposed upon any insured person by any governmental authority for bodily injury or property damage which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.

VIII. In Section II — Family Liability and Guest Medical Protection, under Losses We Do Not Cover Under Coverage Y, the following is added:

14. We do not cover bodily injury which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.

All other policy terms and conditions apply.

Policy Endorsement

The following endorsement changes your policy. Please read this document carefully and keep it with your policy.

This Endorsement Changes Your Policy - Keep It With Your Policy

New Mexico Amendatory Endorsement - 02270

I. The General Section is amended as follows:

A. The following provision is added:

Payment

We will mail a cancellation notice because you don't pay the required premium when due and you then tender payment by check, draft, or other remittance which is not honored upon presentation; your policy will terminate on the date and time shown on the cancellation notice and any notice we issue which waives the cancellation or reinstates coverage is void. This means that Allstate will not be liable under this policy for claims or damages after the date and time indicated on the cancellation notice.

B. The cancellation provision is replaced by the following:

Cancellation

Your right to cancel:

You may cancel this policy by informing it to us orally notifying us of the future date you wish to stop coverage.

Our right to cancel:

Allstate may cancel this policy by mailing notice to you at the mailing address shown on the Policy Declarations. Our mailing of the cancellation notice to you shall be deemed to be proof of notice. When this policy has been in effect for less than 60 days, and is not a renewal with us, we may cancel this policy for any reason by mailing you notice at least 10 days before the cancellation takes effect.

When this policy has been in effect for 60 days or more, or if it is a renewal with us, we may cancel this policy for one or more of the following reasons:

- 1) Non-payment of premium;
- 2) the policy has been obtained through material representation, fraudulent statements, omissions or concealment of facts material to the acceptance of risk or hazard assumed by Allstate;
- 3) Willful and negligent acts or omission by an insured person that have substantially increased the hazards insured against; or
- 4) You present a claim based on fraud or material representation; or

5) There has been substantial change or increase in hazard in the risk we originally accepted.

If the cancellation is for non-payment of premium, we will mail you notice 10 days before cancellation takes effect. If cancellation is for any of the other reasons, we will mail you notice at least 30 days before the cancellation takes effect.

Our mailing the notice of cancellation to you will be deemed to be proof of notice. Coverage under this policy will terminate on the effective date and hour stated on the cancellation notice. Your return premium, if any, will be calculated on a pro-rata basis and refunded at the time of cancellation or as soon as possible. However, refund or unearned premium is not a condition of cancellation.

Any unearned premium amounts under \$2.00 will be refunded only upon your request.

Our Right Not to Renew or Continue

Allstate has the right not to renew or continue this policy beyond the current premium period. If we don't intend to renew or continue the policy, we will mail you notice at least 30 days before the end of the premium period. Our mailing the notice of non-renewal to you will be deemed proof of notice.

6. The following provisions are added:

What Law Will Apply

This policy is issued in accordance with the laws of New Mexico and covers property or risks principally located in New Mexico. Subject to the following paragraph, the laws of New Mexico shall govern any and all claims or disputes in any way related to this policy.

If a covered loss to property, or any other occurrence for which coverage applies under this policy happens outside New Mexico, claims or disputes regarding that covered loss to property, or any other covered occurrence may be governed by the laws of the jurisdiction in which that covered loss to property, or other occurrence happened, only if the laws of that jurisdiction would apply in the absence of a contractual choice of law provision such as this.

Where Lawsuits May Be Brought

Subject to the following two paragraphs, any and all lawsuits in any way related to this policy shall be brought, heard and decided only in a state or federal court located in New Mexico. Any and all lawsuits against persons not parties to this policy, or otherwise related to this policy, shall be brought, heard, and decided only in a state or federal court located in New Mexico, provided that such persons are subject to or consent to suit in the courts specified in this paragraph.

If a covered loss to property, or any other occurrence for which coverage applies under this policy happens outside New Mexico, lawsuits regarding that covered loss to property, or any other covered occurrence may also be brought in the judicial district where that covered loss to property, or any other covered occurrence happened.

Nothing in this provision, where lawsuits may be brought, shall impair any party's right to remove a state court lawsuit to a federal court.

All other policy terms and conditions apply.